

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

The Asset G3 Bond Benchmark Review 2026

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset G3 Bond Benchmark Review 2026". Thank you for your support!

- *This morning, we saw two-way flows in Asian T2 credits but their spreads were largely unchanged. ACENPM 4 Perp/ACPM 4.85 Perp were 0.6-0.7pt lower. NWDEVL 29-30 were down 0.3-0.5pt. CNH issues edged 0.1-0.3pt higher amid better buying from AMs.*
- **MEITUA:** *Sequential operating loss narrowed in 1Q26, driven by a notable loss reduction in on-demand delivery. Chinese TMTs were unchanged in spreads this morning amid small better buying. See below.*
- **GLPSP:** *Media reported GLP seeks to raise up to USD3bn from an IPO in Hong Kong by 4Q26. GLPSP 28/GLPCHI 29/GLPSP Perps were 0.6-1.3pts higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, EHICAR 27-29 lost 0.3-1.6pts, while EHICAR 26 was 0.1pt higher amid better yoy 1Q26 results and 5% decline in net debt from the level as of Dec'25. On the other hand, WESCHI 28-29 were 0.7-0.9pt firmer. MEITUA curve tightened 2-4bps amid Chinese RM buying. See comments on Meituan 1Q26 results below. FRESHK curve tightened 1-5bps. In the AMC space, we saw better buying on GRWALL 30 versus better selling on ORIEAS, but their spreads closed largely unchanged. TW lifers were unchanged amid small selling. In HK, the NWDEVL/VDNWDL complexes were 0.1pt lower to 0.2pt higher. FAEACO 12.814 Perp leaked 0.2pt. In Chinese properties, VNKRL 27' and 29' were unchanged to 0.2pt higher. LNGFOR 27-32 lost 0.1-0.4pt. In JP space, SOFTBKs traded 0.1pt lower to 1.0pt higher. SoftBank will invest up to USD87.5bn to develop 5GW data center in France. NIPLIF 31-33s were 2-4bps tighter. On the other hand, TERUMOs widened 5bps following the reported 3 deaths overseas related to a malfunction with Terumo's medical device. In SE Asian space, GLPSPs gained 0.1-0.3pt. Media reported that GLP is preparing the IPO in Hong Kong by 4Q26 to raise as much as USD3bn. INDYIJ 29/MEDCIJ 28-30/PTTGC Perps were unchanged to 0.1pt higher. VEDLN 28-33s closed unchanged to 0.2pt lower. Elsewhere, SWEDA 7 ¾ Perp and HSBC 7 Perp lost 0.5pt, and STANLN 7 Perp was 0.4pt lower. In contrast, non-LGFV CNH space rallied by 0.3-0.8pt, led by long-end issues and driven by better buying from AMs and prop desks.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	38.3	1.8	EHICAR 10 10/14/29	45.1	-1.6
SOFTBK 8 1/4 10/29/65	98.2	1.0	CCAMCL 4 3/4 12/04/37	91.6	-1.0
WESCHI 9.9 12/04/28	92.0	0.9	REGH 6 1/2 PERP	34.1	-0.6
SOFTBK 7 5/8 04/29/61	97.5	0.8	SWEDA 7 3/4 PERP	105.7	-0.5
WESCHI 10 1/2 11/11/29	91.0	0.7	HSBC 7 PERP	101.6	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.26%), Dow (+0.09%) and Nasdaq (+0.42%) were higher on Monday. US May'26 S&P Global Manufacturing PMI was 55.1, lower than the market expectation of 55.3. US May'26 ISM Manufacturing PMI was 54.0, higher than the market expectation of 53.3. US May'26 ISM Manufacturing Prices was 82.1, lower than the market expectation of 85.3. UST yield were higher on Monday. 2/5/10/30 year yield was at 4.05%/4.18%/4.47%/4.99%.

❖ Desk Analyst Comments 分析员市场观点

- **MEITUA: Sequential operating loss narrowed in 1Q26, driven by a notable loss reduction in on-demand delivery**

Table 1: Bond profile of MEITUA 30-31 and peers

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
LENOVO 3.421 11/02/30	US526250AB16	900.023	94.5	90	4.8%	4.0	Baa2/BBB/BBB
LENOVO 6.536 07/27/32	US526250AE54	562.5	107.9	103	5.0%	4.8	Baa2/BBB/BBB
MEITUA 3.05 10/28/30	US58533EAC75	1250	92.7	102	4.9%	4.0	Baa1/BBB+/BBB+
MEITUA 4 ½ 05/05/31	US58533EAG89	600	97.9	108	5.0%	4.3	Baa1/BBB+/BBB+
XIAOMI 3.375 04/29/30	US98422HAA41	600	95.4	77	4.6%	3.6	Baa1/BBB/BBB+
XIAOMI 2.875 07/14/31	US98422HAC07	800	91.7	80	4.7%	4.6	Baa1/BBB/BBB+

Source: Bloomberg.

For the Chinese TMT credits, we prefer BBB over A given the formers' more balanced risk-return profiles. Within the BBB subset, we continue to prefer MEITUAs and XIAOMIs in view their more solid credit and liquidity profiles, despite their weakened operating performance. We also prefer bonds with tenors of 3-5-year given our expectation of high UST volatility, especially in the long-end of the curve. Hence, we maintain buy on MEITUA 3.05 10/28/30 and MEITUA 4 1/2 05/05/31. In this subset, we also like XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31.

While intense competition in China's food delivery market has weighed on Meituan's profitability since 2Q25, the competitive landscape appears to be moderating taking cues from sequential narrowed operating loss in 1Q26, driven by regulatory intervention to curb excessive subsidies. We view Meituan's overall credit profile remains robust, underpinned by a sizeable net cash position of RMB67.6bn as of Mar'26. This continues to cushion near-term earnings volatility.

In 1Q26, Meituan's revenue increased 5.6% yoy to RMB91.0bn, driven by both core local commerce and new initiatives. The revenue from core local commerce broadly flat yoy at RMB64.1bn, while the segment swung to

an operating loss of RMB2.0bn from a profit of RMB13.5bn in 1Q25. On a qoq basis, the segment loss narrowed from RMB10.0bn in 4Q25, attributable to a notable loss reduction in on-demand delivery. The new initiatives revenue increased 21.3% yoy to RMB27.0bn in 1Q26, with segment operating loss narrowed on both yoy and qoq basis to RMB2.1bn, from RMB2.3bn in 1Q25 and RMB4.6bn in 4Q25. This was supported by expansion of Xiaoxiang Supermarket and improved profitability of Keeta.

Overall, Meituan's operating loss was RMB6.5bn in 1Q26, compared to operating profit of RMB10.6bn in 1Q25. Adj. EBITDA turned negative at RMB3.0bn from positive RMB12.3bn in 1Q25. Meituan's operating cash outflow was RMB7.0bn in 1Q26, comparable to RMB6.6bn in 4Q25 and improved substantially from RMB22.1bn in 3Q25. That said, its liquidity position remained solid with a sizeable net cash position of RMB67.6bn as of Mar'26, despite a decline from RMB80.2bn as of Dec'25. Over the past 5 years, Meituan had a net cash position averaged RMB74.7bn. This provides a large buffer to absorb near-term earnings volatility.

Table 2: Meituan's 1Q26 financials

RMB mn	1Q25	1Q26	Yoy change	4Q25	Qoq change
Revenue	86,206	91,039	5.6%	92,096	-1.1%
-Core local commerce	63,974	64,063	0.1%	64,835	-1.2%
-New initiatives	22,232	26,976	21.3%	27,262	-1.0%
Gross profit	32,063	25,970	-19.0%	24,127	7.6%
Operating profit/(loss)	10,566	(6,470)	-	(16,074)	-59.8%
-Core local commerce	13,491	(2,030)	-	(10,046)	-79.8%
-New initiatives	(2,273)	(2,116)	-6.9%	(4,650)	-54.5%
Adj. EBITDA	12,302	(3,049)	-	(14,025)	-78.3%
Net profit/(loss)	10,057	(6,827)	-	(15,144)	-54.9%
Operating cash flow	10,131	(7,014)	-	(6,571)	6.7%
Gross margin	37.2%	28.5%	-8.7 pct pt	26.2%	2.3 pct pt
Adj. EBITDA margin	14.3%	-3.3%	-	-15.2%	-
Net profit margin	11.7%	-7.5%	-	-16.4%	-
RMB mn	Dec'25	Mar'26	Change		
Unrestricted cash and cash equivalent	106,771	117,029	9.6%		
Short-term treasury investments	60,062	63,341	5.5%		
Unrestricted Cash and ST investment	166,834	180,370	8.1%		
ST debts	17,117	19,545	14.2%		
LT debts	69,502	93,258	34.2%		
Total debts	86,619	112,804	30.2%		
Net cash	80,215	67,566	-15.8%		
Cash/ST debts	6.2x	6.0x			

Source: Company filling, CMBI FICC Research.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 56 credit bonds issued yesterday with an amount of RMB34bn
- Macau gaming revenue for May'26 rose 6.7% yoy to MOP22.6bn
- **[HNYUZI]** Zhongyuan Zhicheng changes consent fee for consent solicitation on USD500mn HNYUZI 5.9 06/20/27
- **[LASUDE]** Lai Sun Development agreed to sell its stake in a superyacht services provider for up to EUR49.1m (cUSD57.2mn) for general working capital and the repayment of existing debt
- **[LIFUNG]** Li & Fung entered into an agreement to acquire a 55% equity interest in New Advent Global for USD250mn
- **[MARUB]** Marubeni agreed to sell its whole 40% stake in a combined cycle power generation plant in Taiwan as it reshuffles its investment portfolio
- **[ROADKG]** Road King Infrastructure to host an investor update call on 3 Jun'26 4pm HKT
- **[UPLLIN]** Fitch affirmed UPL Corp's rating at BB; outlook stable
- **[XIAOMI]** Xiaomi's global smartphone shipments are expected to decline 28% this year amid an industry slump driven by a memory supply crisis

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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